

ARTICLE APPEARED
ON PAGE 10A

PHILADELPHIA INQUIRER
23 APRIL 1980

Turner predicts competition for world oil supply

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Associated Press

WASHINGTON — CIA Director Stansfield Turner said yesterday that potentially "vicious" competition over a diminishing worldwide supply of oil will develop in this decade.

In a rare public forecast of the international energy outlook, Turner said the Soviet Union would begin importing oil over the next few years, putting increased pressure on already tight Mideast reserves.

For the United States and other Western powers, Turner said, "The cardinal issue is how vicious the struggle for energy supplies will become."

Asked whether a major cutoff of Mideast oil to the United States was likely during the 1980s, the CIA chief said it "certainly can happen."

Turner testified before the Senate Energy Committee, which has been investigating strategic implications of a tightening supply of oil.

"We believe that world oil production is probably at or near its peak and will decline through the 1980s," he told committee members, who unsuccessfully encouraged him to speak openly about the likelihood of international energy crises over the next 10 years.

Turner did say that before the end of this year, Soviet oil production — 11.7 million barrels daily last year — would peak. (A barrel contains about 42 gallons.)

That country's search for new sources of oil, Turner said, will force Soviet leaders to make "extremely painful" economic, political and military choices to keep the economy from sharp decline. He said the Soviets may use diplomatic pressures or barter arrangements for weapons with Mideast producers.

But he added that tougher action, including "covert subversion," intimidation and military action, "cannot be ruled out."

Combined with diminishing production from Mideast producers, Turner said, the smaller Soviet oil supply will add "another potentially destabilizing ingredient to an area (the Persian Gulf) which already has experienced wrenching political events in the past year...."

"It also is likely that the Soviets will be increasingly active in the diplomatic arena in the Middle East," he said, "holding out as a carrot the glimmer of a stable political atmosphere if the gulf states become more cooperative on oil and political matters."

"Moscow is already making the point that Middle Eastern oil is not the exclusive preserve of the West."

Even without a war or other sort of crisis in the Mideast, Turner said, there will be a shortage of oil on the world market during the 1980s.

Members of the committee, who believe that the United States should build a domestic oil reserve for emergencies, urged him to make a specific prediction on the odds of a cutoff.

"I do not want to forecast a high probability," Turner said, "but the possibility certainly does exist ... it certainly can happen."

Turner said that Saudi Arabia, the major Mideast producer, may reduce production from 9.5 million barrels daily to 8.5 million barrels sometime this summer.

He said production in Iran is likely to decline because of deteriorating equipment and untrained oil field workers.

"There is increasing sabotage in the oil fields and discontent among oil workers with the present management," Turner said.

Iran is currently producing about 2.5 million barrels of oil daily, about 1.5 million for export, mainly to Japan. That country announced that it would decline to pay Iran's new price of \$35 a barrel, and Iran on Monday suspended oil shipments to Japan. (The Saudi Arabian price is about \$26 a barrel.)

Japanese leaders have been hinting that the United States should help make up any shortage, but Turner said that an existing temporary abundance of oil on the world market probably will make that unnecessary.

In the long run, however, only stringent conservation policies by the United States and other oil-consuming nations will avert major economic disruption, he said.